

Ronald M. Sullivan
Jesse T. Mountjoy
Frank Stainback
James M. Miller
Michael A. Fiorella
William R. Dexter
Allen W. Holbrook
R. Michael Sullivan
P. Marcum Willis
Bryan R. Reynolds
Tyson A. Kamuf
Mark W. Starnes
Julia B. Hawes

May 30, 2006

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MAY 31 2006
PUBLIC SERVICE
COMMISSION

Via Federal Express

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Big Rivers Electric Corporation
PSC Case No. 2005-00485

Dear Ms. O'Donnell:

Please refer to your letter to me of April 25, 2006 in this matter, in which you advised that the staff of the Public Service Commission requests Big Rivers Electric Corporation ("Big Rivers") to report on the status of the Big Rivers-E.ON transaction unwind process on May 31, 2006, and every 60 days thereafter. This letter is the first report on behalf of Big Rivers filed in response to that request.

Representatives of Big Rivers, E.ON-U.S., Alcan Primary Products and Century Aluminum have been working for several months to draft the definitive agreements that would establish the terms on which Big Rivers and E.ON-U.S. would dissolve the 1998 transactions between them, and the power sales agreements by which Big Rivers would begin supplying wholesale electricity to Kenergy Corp. to meet the needs of the two aluminum smelters on a long-term basis after Big Rivers resumes control of its generating units. Those negotiations are near completion.

One of Big Rivers' creditors, a party to the 2000 defeased sale/leaseback of certain of Big Rivers' generating units, has determined it will not give the consents Big Rivers requires to implement the Big Rivers/E.ON unwind on the basis contemplated. As a result, Big Rivers, E.ON and the smelters are focusing most of their current efforts on trying to resolve the issues that appear to be standing in the way of obtaining the

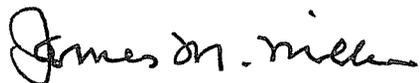
Ms. Elizabeth O'Donnell

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creditor's consent, and studying whether there are alternatives to the contemplated structure of the unwind transaction that would not require that creditor's consent. Big Rivers is hopeful that it will know the results of these efforts by the end of June.

Sincerely yours,

A handwritten signature in black ink that reads "James M. Miller". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke at the end.

James M. Miller

JMM/ej

cc: Michael H. Core
Mark A. Bailey
Kelly Nuckols
Burns Mercer